

DIVISION OF ADMINISTRATION
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 25, 2008

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 25, 2008

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

**MS. ANGELE DAVIS
COMMISSIONER OF ADMINISTRATION
DIVISION OF ADMINISTRATION
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have performed the procedures enumerated below, which were agreed to by the Division of Administration (Division) solely to assist the Division in complying with the provisions of Louisiana Revised Statute (R.S.) 39:75 relating to the Division's calculation of the State of Louisiana's General Fund Revenue Less Appropriations and Requirements (Surplus) for the fiscal year ended June 30, 2007, as reported in the fiscal year 2006-2007 Fiscal Status Summary dated October 19, 2007. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the Division. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and the results of those procedures follow.

GENERAL

We obtained from the Division their estimation of the State of Louisiana's Surplus for the year ended June 30, 2007, as reported in the fiscal year 2006-2007 Fiscal Status Summary (Summary) dated October 19, 2007. The Surplus reported in the Summary totaled \$1,076,281,000 (see Attachment A).

SUBTOTAL REVENUES

1. We verified the mathematical accuracy of the "Actual Revenues" amount in the calculation of "Subtotal Revenues" as reported in the Summary and traced and agreed the amount of taxes, licenses, and fees included in the calculation of "Actual Revenues" to the appropriate Integrated Statewide Information System (ISIS) reports or to the state

agencies' Annual Fiscal Report Schedule 4, State Treasurer's Office (STO) reports, or other supporting documentation, as appropriate. However, we noted the following exceptions:

- a. The amount of the taxes, licenses, and fees from the Department of Public Safety included in the calculation (\$1,156,501,394) exceeded the amount reported in the department's Schedule 4 (\$1,153,587,663) by \$2,913,731.
 - b. The amount included in the calculation of taxes, licenses, and fees for the Department of Revenue (\$8,941,441,095) exceeded the amount recorded in ISIS (\$8,941,381,158) by \$59,937.
 - c. The amount of taxes, licenses, and fees from the Department of Treasury included in the calculation (\$670,208,283) was less than the amount recorded in ISIS (\$670,517,393) by \$309,110.
2. We agreed the reductions to the "Actual Revenues" amount for statutory dedications in the calculation to the appropriate ISIS report and verified the mathematical accuracy of the amount calculated. However, we noted the following exceptions:
- a. The deduction for the statutory dedication of \$12,978,000 for the Attakapas Wildlife Management Area Mineral Revenues was duplicated in the calculation. The amount was deducted as a separate line item on page 2 of the Summary. The amount was also deducted in the calculation of taxes, licenses, and fees for the Department of Natural Resources. This adjustment was presented to the legislature at the December 19, 2007, meeting of the Joint Legislative Committee on the Budget.
 - b. The amount included in the calculation as a statutory dedication reduction of "Actual Revenues" for "Motor Veh. Lic. - Transp. Trust Fd." (\$41,601,577) exceeded the amount recorded in ISIS (\$41,486,814) by \$114,763.
 - c. The amount included in the calculation as a statutory dedication reduction of "Actual Revenues" for "Video Draw Poker" (\$65,570,870) exceeded the amount recorded in ISIS (\$64,262,365) by \$1,308,505.
 - d. The amount included in the calculation as a statutory dedication reduction of "Actual Revenues" for "Racetrack Slots" (\$20,617,047) exceeded the amount recorded in ISIS (\$20,117,047) by \$500,000.
 - e. The amount included in the calculation as a statutory dedication reduction of "Actual Revenues" for "Lottery Proceeds" (\$128,700,000) was less than the amount recorded in ISIS (\$129,027,025) by \$327,025.
 - f. The amount included in the calculation as a statutory dedication reduction of "Actual Revenues" for "SELF (teacher payraise fund)" (\$166,268,957) was less than the amount recorded in ISIS (\$166,433,342) by \$164,385.

- g. The amount included in the calculation as a statutory dedication reduction of "Actual Revenues" for "DHH Provider Fees" (\$101,471,962) exceeded the amount recorded in ISIS (\$101,292,150) by \$179,812.
- 3. We agreed the "Bond Premium Dedication" amount included in the calculation of "Subtotal Revenues" to the bond sale documents and to the amount held by the STO for bond premium discount.

We found no exceptions as a result of applying these procedures.

- 4. We compared the "Act 640 of 2006 Transfer \$3M from Incentive & \$3M from Mineral Resources Oper. Funds" amount included in the calculation of "Subtotal Revenues" to the amount authorized by Act 640 of 2006 and to the actual amount transferred in to the General Fund as recorded in ISIS.

We found no exceptions as a result of applying these procedures.

- 5. We compared the "Prior Year FY 05-06 Surplus Revenue - Recognized by the REC on February 16, 2007" included in the calculation of "Subtotal Revenues" to the actual surplus amount recognized for fiscal year 2006 by the Revenue Estimating Committee.

The "Prior Year FY 05-06 Surplus Revenue - Recognized by the REC on February 16, 2007" amount included in the calculation (\$827,000,000) was less than the actual amount recognized by the Revenue Estimating Committee (\$827,275,000) by \$275,000.

- 6. We traced the "Fiscal Year 2005-2006 Carry-Forward BA-7's" amount included in the calculation of "Subtotal Revenues" to the appropriate BA-7 documents carrying the amounts forward into fiscal year 2007 and verified the mathematical accuracy of the amount calculated.

We obtained the BA-7 documents from the Division's Office of Statewide Reporting and Accounting Policy. For the Judicial and Legislative branch carry-forward amounts, no supporting BA-7 document existed. For these carry-forward amounts, we obtained the ISIS entries, applicable appropriation acts, and copies of e-mails from Judicial and Legislative management which indicated approval of these carry-forward amounts. The total carry-forward amount included in the calculation of "Subtotal Revenues" (\$23,296,000) exceeded the total carry-forward as recorded in the various supporting documentation (\$23,034,000) by \$262,000.

- 7. We agreed the "Carry-Forward from IEB Prior Appropriations" amount included in the calculation of "Subtotal Revenues" to the Interim Emergency Board fiscal year 2007 financial report and to the appropriate BA-7 documents, as applicable, and verified the mathematical accuracy of the amount calculated.

We found no exceptions as a result of applying these procedures.

8. We agreed the “Act 27 of 2006 - State General Fund Previously Appropriated in Act 26 of 2005” amounts included in the calculation of “Subtotal Revenues” to the appropriations authorized by Act 27 of 2006.

We found no exceptions as a result of applying this procedure.

9. We verified the mathematical accuracy of the amount calculated as “Subtotal Revenues.”

We found no exceptions as a result of applying this procedure.

SUBTOTAL EXPENDITURES

1. We verified the mathematical accuracy of “Actual Expenditures” in the calculation of “Subtotal Expenditure” as reported on the Summary and traced this amount to the amounts recorded as expenditures in ISIS.

We noted that the amount included in the calculation as “Actual Expenditures” (\$8,465,782,049) exceeded the amount recorded as fiscal year 2007 expenditures in ISIS (\$8,458,965,698) by \$6,816,351.

2. We traced the “Fiscal Year 2006-2007 IEB Carry-Forward Balances” amount included in the calculation of “Subtotal Expenditures” to the appropriate supporting documentation and verified the mathematical accuracy of the amount calculated.

We noted that the “Fiscal Year 2006-2007 IEB Carry-Forward Balances” reported in the calculation (\$4,093,682) was less than the amount recorded in the supporting documentation (\$4,150,724) by \$57,042.

3. We traced the “Fiscal Year 2006-2007 Carry-Forward BA-7’s” amount included in the calculation of “Subtotal Expenditures” to the appropriate BA-7 documents or to other supporting documents carrying the amounts forward into fiscal year 2007 and verified the mathematical accuracy of the amount calculated.

We noted that the “Fiscal Year 2006-2007 Carry-Forward BA-7’s” amount included in the calculation (\$114,550,890) was less than the amount recorded in the supporting documentation (\$114,689,999) by \$139,109.

4. We recalculated the “Capital Outlay Carry-Forwards” amount included in the calculation of “Subtotal Expenditures” by subtracting fiscal year 2007 actual expenditures as recorded in ISIS from the fiscal year 2007 capital outlay budget.

We noted that the “Capital Outlay Carry-Forwards” amount included in the Division’s calculation (\$880,582,632) was less than the recalculated amount (\$887,349,997) by \$6,767,365.

5. We verified the mathematical accuracy of the amount calculated as "Subtotal Expenditures."

We found no exceptions as a result of applying this procedure.

6. We verified the mathematical accuracy of the total Surplus calculated.

We found no exceptions as a result of applying this procedure.

As a result of these procedures performed, we have identified a net understatement of state Surplus for fiscal year 2007 of \$11,790,947, as detailed on the Schedule of Results of Agreed-Upon Procedures (see Attachment B). Of this amount, \$12,978,000 from the Attakapas revenue adjustment (procedure 2a) has already been presented to the legislature at the December 19, 2007, meeting of the Joint Legislative Committee on the Budget.

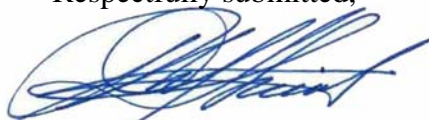
In addition to these procedures performed, we noted the following:

The Division's Office of Planning and Budget (OPB) has not established formal written procedures governing the process of identifying, obtaining, and reviewing all components of the Surplus calculation and, for some components of the calculation, OPB did not maintain adequate documentation to support the components included in the calculation. By establishing such procedures and maintaining supporting documentation, OPB can provide a higher level of assurance to the legislature that its calculation of the state's Surplus is accurate, complete, and free from errors, either intentional or unintentional. We, therefore, recommend that OPB adopt formal written procedures governing the process for identifying, obtaining, and reviewing all components of the state's Surplus calculation and should maintain adequate supporting documentation of all components included in the calculation.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Division's calculation of the State of Louisiana's General Fund Revenue Less Appropriations and Requirements (Surplus) for the fiscal year ended June 30, 2007, as reported in the fiscal year 2006-2007 Fiscal Status Summary dated October 19, 2007, or on the effectiveness of the Division's internal control over the calculation and reporting of the Surplus for the year ended June 30, 2007. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commissioner of Administration, management of the Division of Administration, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than those specified parties. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

DG:THC:dl

SURPLUS07

FISCAL YEAR 2006-2007
FISCAL STATUS SUMMARY

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II. FY 2006-2007 Fiscal Status Summary:

Actual Revenues	9,668,822
Bond Premium Dedication	14,273
Act 640 of 2006 Transfer \$3M from Incentive & \$3M from Mineral Resources Oper. Funds	\$6,000
Prior Year FY 05-06 Surplus Revenue - Recognized by the REC on February 16, 2007	\$827,000
Fiscal Year 2005-2006 Carry-Forward BA-7's	23,296
Carry-Forward from IEB prior appropriations	1,256
Act 27 of 2006 - State General Fund previously appropriated in Act 26 of 2005	0.644
SUBTOTAL REVENUES	10,541.291
Actual Expenditures	8,465,782
Fiscal Year 2006-2007 IEB Carry-Forward Balances	4,094
Fiscal Year 2006-2007 Carry-Forward BA-7's	114,551
Capital Outlay Carry-Forwards	880,583
SUBTOTAL EXPENDITURES	9,465,009
General Fund Revenue Less Appropriations & Requirements FY 2006-2007	1,076,281

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11. FY 2006-2007 Fiscal Status Summary:

Actual Revenues (Estimated)	9,681.800	
Bond Premium Dedication	14.273	
Act 640 2006 Transfer \$3M from Incentive & \$3M from Mineral Resources Oper. Funds	\$6.000	
Prior Year FY 05-06 Surplus Revenue - Recognized by the REC on February 16, 2007	\$827.000	
Attakapas Wildlife Management Area Mineral Revenues-2007 KBB Proclamation 22	(\$12.978)	
BA-7s from FY 05-06 carried forward into FY 06-07 to be expensed	23.296	
Carry-Forward of IEB prior appropriations from FY 05-06 into FY 06-07	1.256	
Act 27 of 2006 - State General Fund previously appropriated in Act 26 of 2005 for various amounts/projects	0.644	
SUBTOTAL REVENUES		10,541.291
Actual Expenditures - (Per adjusted OSRAP report for 00-Genapp)	6,918.017	
20-xxx Funds - Expenditures not tracked by OSRAP	792.510	
Act 208 of 2007 - Transfer of State General Fund to the Coastal Protection and Restoration Fund (page 7, section 4.R.)	200.000	
21-Ancillary Expenditures	0.231	
21-862 - Transfer State General Fund to the Debt Service Assistance Fund - statutory dedication (Act 47 of 2006)	100.000	
22-Non Appropriated - Revenue Sharing	90.000	
22-Non Appropriated - General Obligation Debt Service	175.394	
22-Non Appropriated - IEB Expenditures from FY 05-06 that were expensed in FY 06-07	0.347	
22-Non Appropriated - IEB Expenditures for FY 06-07 (expended)	1.755	
23-Judicial - Expenditures	113.187	
24-Legislative - Expenditures	58.313	
26 - Capital Outlay Expended	16.028	8,465.782
22-Non Appropriated - IEB Expenditures from FY 05-06 carried forward into FY 07-08	0.909	
22-Non Appropriated - IEB Expenditures for FY 06-07 Capital Outlay to be expended	2.599	
22-Non IEB FY 06-07 Carry-Forward balances into FY 07-08	0.585	4.094
FY 06-07 Carry-Forward BA-7's from FY 06-07 into FY 07-08	111.891	
23-Judicial - Carry-Forward of Unspent Balances for FY 2006-2007 Judicial Appropriations	0.000	
24-Legislative - Carry-Forward of Unspent Balances for FY 2006-2007 Legislative Appropriations	2.660	114.551
26 - Capital Outlay Carry-Forwards (remaining balances expensed in year appropriated as these capital outlay amounts do not revert to the general fund)	880.583	880.583
SUBTOTAL EXPENDITURES		9,465.009
General Fund Revenue Less Appropriations & Requirements FY 2006-2007		1,076.281

SCHEDULE OF RESULTS OF
AGREED-UPON PROCEDURES

DIVISION OF ADMINISTRATION
STATE OF LOUISIANA
SCHEDULE OF RESULTS OF AGREED-UPON PROCEDURES

Procedure	Description	Amount
SUBTOTAL REVENUES		
1.	Taxes, Licenses, and Fees	
a.	Department of Public Safety	
	DPS Permits and ABC Permits	(\$95)
	Certificate of Title	(148,013)
	Vehicle Licenses	(163,980)
	Vehicle Sales Tax	(2,603,643)
	Video Draw Poker	2,000
	Total - Department of Public Safety	(2,913,731)
b.	Department of Revenue	
	Tobacco	10,000
	Unclaimed Property	(69,937)
	Total - Department of Revenue	(59,937)
c.	Department of Treasury	
	Various Agency INA	(4,088)
	Agency SGR Over-Collections	1,600
	Lottery Proceeds	327,025
	Land-Based Casino	164,385
	DHH Provider Fees	(179,812)
	Total - Department of Treasury	309,110
	Total Difference - Taxes, Licenses, and Fees	(2,664,558)
2.	Statutory Dedications	
a.	Attakapas Wildlife Management Area Mineral Revenues	(12,978,000)
b.	Motor Veh. Lic. - Transp. Trust Fd.	(114,763)
c.	Video Draw Poker	(1,308,505)
d.	Racetrack Slots	(500,000)
e.	Lottery Proceeds	327,025
f.	SELF (teacher payraise fund)	164,385
g.	DHH Provider Fees	(179,812)
	Total Difference - Statutory Dedications	(14,589,670)
3.	Bond Premium Dedication	NONE
4.	Act 640 of 2006 Transfers	NONE
5.	Prior Year FY05-06 Surplus Revenue	275,000
6.	BA-7's from FY05-06 Carried Forward into FY06-07	(262,000)
7.	Carry-Forward from IEB Prior Appropriations	NONE
8.	Act 27 of 2006 State General Fund Previously Appropriated	NONE
9.	Mathematical Accuracy of "Subtotal Revenues"	NONE
	TOTAL DIFFERENCE FOR "SUBTOTAL REVENUES"	11,938,112
SUBTOTAL EXPENDITURES		
1.	Actual Expenditures	(6,816,351)
2.	FY06-07 IEB Carry-Forward Balances	57,042
3.	FY06-07 Carry-Forward BA-7's	139,109
4.	Capital Outlay Carry-Forwards	6,767,365
5.	Mathematical Accuracy of "Subtotal Expenditures"	NONE
	TOTAL DIFFERENCE FOR "SUBTOTAL EXPENDITURES"	147,165
6.	Mathematical Accuracy of the Total Surplus Calculated	NONE
	NET DIFFERENCE UNDERSTATING SURPLUS	\$11,790,947

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